

**SH&G**

August 19, 1983  
13155

Central Intelligence Agency  
Building Planning Staff  
Room 4E50  
CIA Headquarters Building  
Washington, DC 20505

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Attention: 

Re: Revised Construction Market Survey Issues  
Log 181

Gentlemen:

Under separate cover we are transmitting the Construction Market Survey with revisions in response to your letter of June 22, 1983. Further explanation about our revised submittal is warranted.

1. Samplings of Major Systems From Single Source

We have since added additional samplings on the areas in question. However, when we conducted the original survey, we felt that the single sources were sufficient since, in general, contractors and suppliers are intimately familiar with their competition. We were not soliciting bid prices but only general information and unit costs known to all firms. As it turned out, the second sources substantiated this observation.

2. Summary of Findings

The summary of findings is intended to be general. We have added more description to clarify projected labor conditions. We have added our opinion on probable escalation. It should also be noted that PBS P 3440.5 requires only a review of "Local Escalation Experience", and not a prediction of future inflation.

3. Headquarters Description Inaccuracies

The description of the expansion did contain certain inaccuracies, mainly in regard to cost. We have added the latest updated information and corrected this section.

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4. Section Titled "Langley, Virginia"

The section titled "Langley, Virginia" was changed to "Project Location" where the purpose of the section is to describe the general location of the project, the local population and basic economy. We feel that this section is quite pertinent to the market survey.

5. Construction Materials

The purpose of the Construction Materials section is to define the availability of construction materials to the project. This is what is called for by PBS P 3440.5 and this is what is provided.

Also, the major material prices extracted from the ESTEK data bank will be used for estimating purposes and will be updatd as necessary.

Additional research on steel vs. concrete and precast vs. steel was also gathered and provided to the design team for major system selections.

Because the first page of this section was improperly inserted in the original report we have included a proper page which addresses construction activity which appears at this time not to be a problem.

6. Construction Contractors

Essentially, our conclusion is that a sufficient number of capable contractors will bid the project and that competition will be keen. We do not see the need to research this further, nor do we feel that the market survey should list probable bidders, providing sufficient competition is predicted. Bidders interest is great at this time but too many extraneous conditions out of our control during bidding can change a contractors interest in submitting a bid.

7. Construction Labor

We have added further clarification to this section concerning union/non-union relations. We see no union/-

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non-union problems in the foreseeable future and have changed the section to clearly state so.

8. Page 8 & Page 12

Page 12 was inadvertently duplicated on page 8. This has been corrected and page 8 now reads "Construction Activity".

9. SH&G Use of R.S. Means Data

Thank you for your comment about SH&G's "excellent reputation for cost control and estimating". It is precisely for this reason that R.S. Means and McDonnell Douglas Automation Company (MCAUTO) chose to work with us in the joint development of the ESTEK computerized estimating system.

ESTEK is the most advanced and comprehensive estimating program available in the commercial marketplace. It is R.S. Means responsibility to provide cost data to the system. As such, Means researches labor rates for 40 trades from over 300 cities and 110 major material costs from almost 200 cities. These unit costs are directly used in establishing the ESTEK data base for the specific area in the estimate.

For this market survey, we extracted the ESTEK costs from both Detroit, and Washington, D.C. The Washington, D.C. costs will be used as a basis for later ESTEK estimates and will be monitored and individually modified as necessary. The Detroit costs were included in order to provide a frame of reference for our design team since they are much more familiar with Detroit area costs. We hope this information is not confusing to the Agency but it is useful for our staff.

Also included with this report is the Supplementary Material which is being used by the design team, but which was not submitted with the June 17, 1983 report. The basic survey report does give general conclusions derived from the detailed information presented in the Supplementary Material.

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We do not believe a more detailed investigation at this time, will benefit our efforts; given the current status of the Washington area construction industry. We hope you agree after reviewing the revised report.

As always, we are available to answer any questions you might have about this revised Market Survey, including supplemental research material.

Very truly yours,



Wm. Everett Medling  
Project Manager

WEM:pae